



# AAIS Bulletin

Member Focused Advisory Solutions

December 1, 2017

Bulletin:	State:	Line(s) of Insurance:
17-0483	Arizona	Commercial Output Program

## Revised Amendatory Endorsement Approved With Changes

Reference Bulletin(s): [17-0320](#)

Mandatory endorsement CL 0148 06 17 has been approved, with changes, effective March 1, 2018. This bulletin provides the company action needed to adopt this filing.

### BACKGROUND

Reference Bulletin 17-0320 announced that endorsement CL 0148 had been revised and filed in response to recently enacted HB 2232, which amended § 20-1674, B of the Arizona Insurance Code to provide that the cancellation notice and refund of unearned premium may be mailed separately, but both must be provided within the time frames set forth in § 20-1674, A.

### CHANGES

As a result of discussions with the Arizona Department of Insurance, item e. of the Cancellation And Nonrenewal condition has been further revised to comply with ARS § 6-1416.

A link to endorsement CL 0148 06 17 is provided below, and a mockup copy showing the changes is attached.

### EFFECTIVE DATE AND FILING NUMBERS

The endorsement described in this bulletin was approved effective March 1, 2018. Refer to the following filing numbers in all correspondence directed to the insurance department:

AAIS Number: AAIS-2017-39COPF and State Tracking Number: AMAX-131243509

### COMPANY ACTION

The Company Action sections prepared for the AAIS bulletins issued to announce the approval of a filing or the availability of new or revised materials have been expanded to provide specific instructions for a broader range of variables.

The action needed to adopt or not adopt each filing depends on the extent to which the company has granted AAIS filing authority and the company's specific intent, as well as other possible variables. The Company Action information that follows should be reviewed carefully with respect to the action needed to adopt or not adopt the new or revised materials that are the subject of this bulletin.

The AAIS filing submitted in this state advised the insurance department that the materials may be provided to affiliated companies in an electronic format. The department was informed that due to differences in printer configurations or other hardware or software differences, the cosmetic appearance of the material may be altered slightly when produced by another system without affecting the content.

This state does not require insurance companies to file forms and endorsements for this line of insurance\*.

Companies that are affiliated with AAIS for forms and endorsements for this line of insurance can adopt an AAIS forms and endorsements filing without notifying the Arizona Department of Insurance.

Companies are advised to make an internal (drawer) filing to document what AAIS materials are used and their effective date.

\*Companies should review section II of Exhibit A attached to Docket Order 13A-071-INS for information regarding the instances in which the filing exemption does not apply.

## FORMS AND ENDORSEMENTS LISTING

The forms and endorsements listing has been updated to reflect the approval of the endorsement that is the subject of this filing. A link to the updated listing is provided below.

### AAISdirect

The material described in this bulletin can be accessed via *AAISdirect*. The updated forms and endorsements listing can also be accessed via *AAISdirect*.

## SUPPLIES

The endorsements described in this bulletin have been released to Wolters Kluwer Financial Services (WKFS), the exclusive print vendor for AAIS forms and endorsements. To order forms and endorsements in paper printed format, or a variety of electronic formats, call 800-481-1522 or visit <https://onesumxnls.com>

## LINKS

- [Arizona Commercial Output Program Listing of Forms and Endorsements, Rev 12 01 17](#)
- [CL 0148 06 17](#)

## ATTACHMENT

- CL 0148 06 17 mockup

## DIRECT FILING AND COMPANY ACTION QUESTIONS TO:

Jane Chlapaty  
Manager, Compliance & Product Delivery  
[janec@AAISonline.com](mailto:janec@AAISonline.com)

**DIRECT ALL OTHER QUESTIONS TO:**

Logan Grider  
Senior Assistant Counsel  
[logang@aaisonline.com](mailto:logang@aaisonline.com)

**INSURANCE PROFESSIONALS CAN CONNECT WITH AAIS THROUGH SOCIAL MEDIA**

Follow AAIS on [LinkedIn](#) for announcements and job postings, and to connect with hundreds of professionals in insurance, risk management, and other fields who are following AAIS.

Go to our [Facebook](#) page for a lighter look at the activities of your "friends" at AAIS as they participate in charitable events, achieve educational milestones, and attend industry events.

## AMENDATORY ENDORSEMENT ARIZONA

1. The following applies to all risks except those described in paragraph 2.

Under Common Policy Conditions,  
Cancellation is deleted and replaced by the  
following:

### **Cancellation And Nonrenewal**

- a. "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.
- b. "We" may cancel or not renew this policy by mailing, by United States certified mail or first class mail using intelligent mail barcode or another similar tracking method used or approved by the United States Postal Service, written notice to "you" at the address shown in the policy or to "your" last known address. Such notice may be delivered by electronic means if "you" have affirmatively consented to that method of delivery and have not withdrawn such consent. A copy of the notice will also be provided to "your" agent. Proof of mailing or delivery is sufficient proof of notice.
- c. If this policy has been in effect for less than 60 days, "we" may cancel for any reason. "We" will give notice at least 10 days before cancellation is effective.
- d. If this policy has been in effect for 60 days or more, or if it is a renewal of a policy issued by "us", "we" may cancel only if:
  - 1) the premium has not been paid when due;
  - 2) "you" have been convicted of a crime arising out of an act increasing the hazard insured against;

- 3) there has been an act or omission by an "insured" or an "insured's" representative constituting fraud or material misrepresentation in obtaining the policy, in continuing the policy, or in presenting a claim under the policy;
- 4) there has been a substantial change in the risk assumed, except to the extent that "we" should reasonably have foreseen the change or contemplated the risk in writing the contract;
- 5) there has been a substantial breach of a contractual duty or condition;
- 6) there has been a loss of reinsurance applicable to the risk insured against, but only if the absence of reinsurance has resulted from termination of treaty or facultative reinsurance initiated or implemented by "our" reinsurer or reinsurers;
- 7) the director of insurance has determined that the continuation of the policy would place "us" in violation of the insurance laws of this state, or would jeopardize "our" solvency; or
- 8) there has been an act or omission by an "insured" or an "insured's" representative which has materially increased the hazard insured against.

If "we" cancel this policy for nonpayment of premium, "we" will give notice at least 10 days before the cancellation is effective. If "we" cancel this policy for any other reason, "we" will give notice at least 45 days before the cancellation is effective. "Our" notice will state the reason for the cancellation.

- e. "Your" return premium, if any, will be calculated on a pro rata basis.

- 1) Except as provided in item e.3) below, if "you" cancel this policy, the return premium will be refunded as soon as practicable.
- 2) Except as provided in item e.3) below, if "we" cancel this policy, the return premium will be refunded:

- a) at least 10 days before the cancellation is effective, if the cancellation is for nonpayment of premium; or
- b) at least 45 days before the cancellation is effective, if the cancellation is for any reason other than nonpayment of premium.

- 3) If the premium was financed or the policy is subject to audit, the return premium will be refunded as soon as reasonably possible, but no later than 45 days after the effective date of cancellation.

~~However, items e.2)a) and e.2)b) above do not apply if the premium was financed or the policy is subject to audit.~~

Payment or tender of the unearned premium is not a condition of cancellation.

- f. If "we" decide not to renew this policy, "we" will give "you" notice at least 45 days before the nonrenewal is effective.

However, notice of nonrenewal is not required if:

- 1) "we" have, or another company in the same insurance group has, offered to issue a renewal policy; or
- 2) "you" have obtained replacement coverage or have agreed in writing to obtain replacement coverage.

2. The following applies if this policy was issued to cover property which is used predominantly for residential purposes and

which consists of not more than four dwelling units:

Under Common Policy Conditions, Cancellation is deleted and replaced by the following:

#### **Cancellation And Nonrenewal**

- a. "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.
- b. "We" may cancel or not renew this policy by mailing written notice to "you" at the address shown in the policy or to "your" last known address. Such notice may be delivered by electronic means if "you" have affirmatively consented to that method of delivery and have not withdrawn such consent. Proof of mailing or delivery is sufficient proof of notice.
- c. If this policy has been in effect for less than 60 days, "we" may cancel for any reason. "We" will give "you" notice at least 10 days before cancellation is effective.
- d. If this policy has been in effect for 60 days or more, or if it is a renewal of a policy issued by "us", "we" may cancel only if:
  - 1) the premium has not been paid when due;
  - 2) "you" have been convicted of a crime arising out of an act increasing the hazard insured against;
  - 3) there has been an act or omission by an "insured" or an "insured's" representative constituting fraud or material misrepresentation in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
  - 4) there has been a discovery of a grossly negligent act or omission by an "insured" which has substantially increased any of the hazards insured against;
  - 5) there has been a substantial change in a risk assumed by "us", except to

the extent that "we" should reasonably have foreseen the change or contemplated the risk in writing the contract;

- 6) the director of insurance has determined that the continuation of the policy would place "us" in violation of the insurance laws of this state; or
- 7) an "insured" has failed to take reasonable steps to eliminate or reduce any conditions in or on the "insured premises" which contributed to a loss in the past or will increase the probability of future losses.

If "we" cancel this policy for nonpayment of premium, "we" will give "you" notice at least 10 days before the cancellation is effective. If "we" cancel this policy for any other reason, "we" will give "you" notice at least 30 days before the cancellation is effective. "Our" notice will state the reason for the cancellation.

- e. "Your" return premium, if any, will be calculated on a pro rata basis and will be refunded at the time of cancellation or as soon as practicable. Payment or tender of the unearned premium is not a condition of cancellation.
- f. If "we" decide not to renew this policy, "we" will give "you" notice at least 30 days before the nonrenewal is effective. "Our" notice will state the reason for the nonrenewal.

In the event of nonrenewal based on condition of the "insured premises", "we" will give "you" 30 days' notice to remedy the identified conditions. In the event that the identified conditions are remedied, "we" will renew coverage. In the event that the identified conditions are not satisfactorily remedied, "we" will give "you" an additional 30 days, upon payment of premium, to cure the defective condition.

However, "we" are not required to give "you" a notice of nonrenewal if "you" have accepted replacement coverage or have agreed to nonrenewal.

3. Under Common Policy Conditions, the following condition is added:

**Renewal** -- If "we" decide to renew this policy subject to a:

- a. premium increase;
- b. change in deductible;
- c. reduction in "limits"; or
- d. substantial reduction in coverage;

"we" will mail written notice of such change to "you", at the address shown in the policy, at least 30 days before the expiration date of the policy. Such notice may be delivered by electronic means if "you" have affirmatively consented to that method of delivery and have not withdrawn such consent.

If "we" fail to provide the 30 days' notice, the coverage provided to "you" will remain in effect until notice is given or until the effective date of replacement coverage obtained by "you", whichever occurs first.